

August 28, 2008

Mr. Les Boles, Director
Office of State Budget
1201 Main Street, Suite 807
Columbia, South Carolina 29201

Dear Mr. Boles,

Thank you for the opportunity to present our most pressing capital challenges. There is no question - we need your help and support. Patriots Point is one of South Carolina's major tourist destinations and attractions. We are dedicated to educating the public about the sacrifices of our military who have in the past and still today fight for, protect and preserve our freedom.

The Patriots Point development has a major economic impact on the Lowcountry and South Carolina. Citing a study by John C. Crotts, Ph.D., professor of Hospitality and Tourism Management at the College of Charleston, the total economic impact generated by the 231,600 non-residents who visited Patriots Point in the FY 2007/08 utilizing specifically the Naval and Maritime Museum, Medal of Honor Museum, sports complex, resorts, golf course and marina conservatively totals \$76 million. This impact supports 932 jobs county-wide. Dr. Crotts' study is attached for your review.

We accomplish our important mission by creating a meaningful experience for the more than 250,000 visitors to our national treasures at Patriots Point: the USS *Yorktown*, the famous Fighting Lady aircraft carrier; the USS *Laffey*, "the ship that would not die"; the USS *Clamagore* submarine; and the USCG *Ingham*, the coast guard cutter famous for sinking a German submarine off the Atlantic coast. Moreover, we have the magnificent national Medal of Honor museum that portrays the stories of our heroes and their sacrifices that all Americans should hear.

Telling these inspiring and exciting stories for generations to come is critical to the citizens of our state and country. However, our enterprise budget is presently a breakeven budget that does not leave us with needed funds to accomplish significant capital improvements. As you may have recently read, our sister ship the USS *Intrepid* in New York has overhaul and support costs of nearly \$100 million. While our needs are not that high, we do unequivocally need significant assistance.

To use the analogy of repairing a 65 year-old mansion: the roof of the old mansion has many leaks as does the flight deck of the *Yorktown*. The ship has badly corroded steel plates and this has led to progressive flooding into the internal spaces below such as the 240-seat theater we use for speakers, films, and U.S. Senator town hall meetings. There is flooding on the hangar deck where we display some of the 26 aircraft and this area is a heavily used public space for special events. The old mansion also requires a face lift with a new coat of paint to properly receive the many guests that pay to visit and tour this museum.

As you know we receive no direct funding from the state for recurring costs and we are not seeking that now. Nevertheless, we do need help with some unique one time costs for critical milestone capital projects.

1. Flight Deck Renovation: **\$4,200,000** to complete the last half of the flight deck project. The two center sections have already been replaced using existing agency funds, removing the WWII era wooden flight deck and the badly corroded steel plates under it that have caused much of the flooding in the ship below. This new sum is needed as a one-time expenditure to correct a 60 year-old problem and should last for the life of the ship as a museum asset.
2. Yorktown Hull Painting: **\$3,000,000** to complete the blasting and coating of the ship's exterior surfaces. Since arriving in South Carolina more than thirty years ago, the ship has been preserved by adding a fresh coat of paint every five years. Our environmental and preservation consultants have determined that the number of layers has reached the maximum feasible and the ship now must be blasted to bare metal and recoated. This procedure will provide ten years of protection before another coat will be needed. The successful completion of this project will result in marked savings in life cycle costs. The island structure over the flight deck has already been completed using agency funds, but funds are not available to complete the preservation of the rest of the ship. Instead, staff technicians are removing interferences and structures that have traditionally complicated preservation efforts and caused corrosion challenges.
3. Parking Lot Relocation: **\$600,000** to relocate the existing parking lot. The current parking lot is located on prime waterfront property. The parking lot needs to be relocated to another parcel of land on our property to realize the highest and best use of the waterfront. Relocating the parking lot will help generate additional revenue for the agency by allowing the agency to develop the property or expand the current museum landside.

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Furthermore, our master plan development is in progress to determine the highest and best use of the remaining magnificent property we have available at Patriots Point. There is no question we already need more parking and with further development it will become even more critical to expand our parking capability to accommodate the thousands of additional visitors and their vehicles. Your help with this effort will ensure we can generate much more revenue to support this facility as we continue to fulfill our mission and expand our service to the state and our community.

The new National Medal of Honor Museum and our new department of Tourism and Business Development have and will continue to enhance the economic and quality of life impact on this region and our state. These needed capital expenditures will further enhance the value of this state facility and our opportunities to maintain and extend the economic impact of this important and historic operation.

This facility is a great state and national treasure. We appreciate your consideration of these requests as we look to continue to serve our citizens and visitors with the opportunities for education and recreation at Patriots Point.

Very respectfully,

Hugh B. Tant, III
Brigadier General, USA, (Ret.)
Executive Director

/bl

enclosure

FISCAL YEAR 2009-10 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. Agency Section/Code/Name:

Section 42 /P36 / Patriots Point Development Authority

B. Statewide Mission:

1. To develop and improve the Patriots Point area to provide a place of education and recreation to foster among the people pride and patriotism in our nation and its heritage;
2. To establish and develop a National Naval Museum of ships, naval and maritime equipment, artifacts, books, manuscripts, art and historical materials for the education and enjoyment of the people of our nation and to instill in them a knowledge of our naval and maritime history; and of the importance of sea power to our economy and defense;
3. To foster and stimulate national and international travel to and participation in the development of Patriots Point by acquiring, constructing, equipping and maintaining museum buildings, sea-quariums and laboratories, public exhibits and entertainment facilities, historical monuments and sites and providing lodging and accommodation for travelers by land or water to Patriots Point.

C. Summary Description of Strategic or Long-Term Goals:

1. Revival of the Patriots Point Foundation with board members drawn from local and regional leadership and an aggressive fund-raising campaign to provide capital funding and long-term endowments for the support of the museum ships.
2. Full implementation of the membership program not only to provide financial support for the museum but also to draw in greater community support for its programs.
3. Aggressive pursuit of grants to support education, conservation and preservation projects throughout the museum.
4. Restore the fifth-grade initiative and expand the program to Dorchester and Berkeley counties and to other regional school districts.
5. Increasing the number of museum visitors.
6. Relocation and redesign of key exhibits aboard USS YORKTOWN, USS LAFLEY and USS CLAMAGORE in accordance with new museum standards and methodologies.
7. Completing flight deck repairs aboard USS YORKTOWN
8. Completing the painting and restoration of the hull of USS YORKTOWN, including cleaning the hull to bare metal and applying a completely new coating system.
9. Completing structural repairs to the turtleback and total hull coating restoration of USS CLAMAGORE.

D. Agency Recurring Base Appropriation:

State	\$0
Federal	\$0
Other	\$6,648,300

E. Efficiency Measures:

Key metrics for development, marketing, preservation and visitation programs are year-to-year attendance in various programs, comparative income and expenditures for operational needs, capital projects and retail operations and budget versus actual financial figures. Other metrics on the strategic “dashboard” include “alarm lights” provided by negative customer satisfaction surveys, increased employee turnover or absenteeism, etc.

The Chief Financial Officer provides a monthly compilation of financial reports and operational statistics with financial implications at each monthly Board meeting, with interim reports as required by Board subcommittees or senior staff. “Alarm” indicators such as negative customer satisfaction surveys are immediately circulated to relevant staff. All metrics are reviewed quarterly to make sure they are still fully relevant to the Authority’s strategic plans and initiatives

F. **Number of Proviso Changes:**
N/A

G. **Signature/Agency Contacts/Telephone Numbers:**

Hugh B. Tant, III, Brigadier General, USA, (Ret), Executive Director, 843-881-5920
Royce Breland, Controller, 843-881-5967

IIA. OPERATING BUDGET PRIORITIES
Agency Section/Code/Name:

SUMMARY OF OPERATING BUDGET PRIORITIES FOR FY 2009-2010

OPERATING BUDGET PRIORITIES					FUNDING					FTEs			
Priority No.	Goal No.	Title	Activity Name	Activity No.	Non-Recurring State	Recurring State	Federal	Other	Total	State	Federal	Other	Total
1									0				0.00
2									0				0.00
3									0				0.00
4									0				0.00
5									0				0.00
For additional rows, place cursor in this gray box and press "Ctrl" + "b". (You need to start in this gray box for each row needed or the formulas will not copy properly.)													
TOTAL OF ALL OPERATING BUDGET PRIORITIES					0	0	0	0	0	0.00	0.00	0.00	0.00

IIB. CAPITAL BUDGET PRIORITIES

Agency Section/Code/Name:

SUMMARY OF CAPITAL BUDGET PRIORITIES FOR FY 2009-2010

CAPITAL BUDGET PRIORITIES					Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.	Project No.*	Project Name	Activity Name	Activity No.				
1		Flight Deck Renovation	Operations/Maintenance	1312	4,200,000			4,200,000
2		Yorktown Hull painting	Operations/Maintenance	1312	3,000,000			3,000,000
3		Parking Lot Relocation	Operations/Maintenance	1312	600,000			600,000
4								
5								0
For additional rows, place cursor in this gray box and press "Ctrl" + "c". (You need to start in this gray box for each row needed or the formulas will not copy properly.)								
TOTAL OF ALL CAPITAL BUDGET PRIORITIES					7,800,000	0	0	7,800,000

*if applicable

III. DETAILED JUSTIFICATION FOR FY 2009-10 OPERATING BUDGET PRIORITIES

A. **Agency Section/Code/Name:**

B. **Priority No.:** ____ of ____

C.

(1) **Title:**

(2) **Summary Description:**

(3) **Strategic Goal/Action Plan (if applicable):**

D. **Budget Program Number and Name:**

E. **Agency Activity Number and Name:**

F. **Detailed Justification for Funding:**

(1) **Justification for Funding Increase:**

(2)

FY 2009-10 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Number of FTEs*		0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0
Program/Case Services	\$0	\$0	\$0	\$0	\$ 0
Pass-Through Funds	\$0	\$0	\$0	\$0	\$ 0
Other Operating Expenses	\$0	\$0	\$0	\$0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) **Base Appropriation:**

State \$0

Federal \$0

Other \$0

(4) **Is this priority associated with a Capital Budget Priority?** ____

If yes, state Capital Budget Priority Number and Project Name: _____.

G. **Detailed Justification for FTEs**

(1) **Justification for New FTEs**

(a) **Justification:**

(b) **Future Impact on Operating Expenses or Facility Requirements:**

(2) **Position Details:**

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

(3) **FTEs in Program Area per FY 2008-09 Appropriation Act:**

State 0.00
Federal 0.00
Other 0.00

Agency-wide Vacant FTEs as of July 31, 2008:

% Vacant %

H. **Other Comments:**

IV. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

- A. **Agency Section/Code/Name:**
Section 42 /P36 /Patriots Point Development Authority
- B. **Priority No. 1 of 3**
- C. **Strategic Goal/Action Plan (if applicable):**
N/A
- D. **Project Name and Number (if applicable):**
Flight Deck Renovation
- E. **Agency Activity Number and Name:**
Operations/Maintenance #1312
- F. **Description of Priority:** To replace the rotten wooden flight deck and corroded steel beneath it with half inch steel to preserve the watertight integrity if the ship. It is no longer feasible to repair the holes as leaks occur. Phases 1 and 2 representing half of the deck have been completed with other funds; no state appropriated funds were expended, and this project reflects the completion of the renovation of the remainder of the flight deck.

G. **Detailed Justification for Funding**

(1) **Justification for Funding Priority:**

The flight deck leaks causing damage to the structure of the ship, museum displays, and historical artifacts. CPIP 2006, Project Priority 1.

(2)

Total Project Cost Estimates:	Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Total Project Cost*	\$4,200,000	\$0	\$0	\$4,200,000

* If additional annual operating costs from any source of funding are anticipated upon project completion, please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.

H. **Justification for First Year Additional Future Annual Operating Costs:**

(1) **Will additional annual operating costs be absorbed into your existing budget?**

Yes

If not, will additional state funds be needed in the future?

No

If state funds will not be needed in the future, explain the source(s) that will be used.

Other Funds

(2) **First Fiscal Year Additional Annual Operating Costs Are Anticipated:**

0.00

Will this fiscal year require a partial or full year's operating funds?

NO

If a partial year's funds are required, what portion of the year does it cover?

0.00

(3)

Additional Annual Operating Cost	State Non-Recurring	State Recurring	Federal	Other	Total
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Total Personnel Costs	\$0	\$0	\$0	\$0	\$ 0
Furniture/Equipment	\$0	\$0	\$0	\$0	\$ 0
Other Operating Costs	\$0	\$0	\$0	\$0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

I. **Justification for First Full Year Additional Future Annual Operating Costs** *(If Section H above represents a full year's operating funds, do not complete this section.)*

(1) **Will additional annual operating costs be absorbed into your existing budget?**

If not, will additional state funds be needed in the future?

If state funds will not be needed in the future, explain the source(s) that will be used.

(2) **First Full Fiscal Year Additional Annual Operating Costs Are Anticipated:**

(3)

Additional Annual Operating Cost	State Non-Recurring	State Recurring	Federal	Other	Total
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Total Personnel Costs	\$0	\$0	\$0	\$0	\$ 0
Furniture/Equipment	\$0	\$0	\$0	\$0	\$ 0
Other Operating Costs	\$0	\$0	\$0	\$0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. **Other Comments:**

IV. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

- A. **Agency Section/Code/Name:**
Section 42 /P36 /Patriots Point Development Authority
- B. **Priority No.** 2 of 3
- C. **Strategic Goal/Action Plan (if applicable):**
N/A
- D. **Project Name and Number (if applicable):**
Yorktown Hull Painting
- E. **Agency Activity Number and Name:**
Operations/Maintenance #1312
- F. **Description of Priority:** The exterior of the YORKTOWN requires painting. This project entails blasting the ship to near white metal, removing contaminants within Federal and State environmental guidelines and recoating the ship with a new coating system that does not contain any harmful materials.
- G. **Detailed Justification for Funding**

(1) **Justification for Funding Priority:**

The paint on the ship is cracking, peeling, and flaking off. The project is necessary to ensure the protection of the steel hull of Yorktown and inhibit corrosion and to improve the appearance of the important tourist attraction. CPIP 2006, Project Priority 2.

(2)

Total Project Cost Estimates:	Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Total Project Cost*	\$3,000,000	\$0	\$0	\$3,000,000

* If additional annual operating costs from any source of funding are anticipated upon project completion, please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.

H. **Justification for First Year Additional Future Annual Operating Costs:**

(1) **Will additional annual operating costs be absorbed into your existing budget?**

Yes

If not, will additional state funds be needed in the future?

No

If state funds will not be needed in the future, explain the source(s) that will be used.

Other Funds

(2) **First Fiscal Year Additional Annual Operating Costs Are Anticipated:**

0.00

Will this fiscal year require a partial or full year's operating funds?

NO

If a partial year's funds are required, what portion of the year does it cover?

0.00

(3)

Additional Annual Operating Cost	State Non-Recurring	State Recurring	Federal	Other	Total
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Total Personnel Costs	\$0	\$0	\$0	\$0	\$ 0
Furniture/Equipment	\$0	\$0	\$0	\$0	\$ 0
Other Operating Costs	\$0	\$0	\$0	\$0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

I. **Justification for First Full Year Additional Future Annual Operating Costs** *(If Section H above represents a full year's operating funds, do not complete this section.)*

- (1) **Will additional annual operating costs be absorbed into your existing budget?**

If not, will additional state funds be needed in the future?

If state funds will not be needed in the future, explain the source(s) that will be used.

- (2) **First Full Fiscal Year Additional Annual Operating Costs Are Anticipated:**

- (3)

Additional Annual Operating Cost	State Non-Recurring	State Recurring	Federal	Other	Total
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Total Personnel Costs	\$0	\$0	\$0	\$0	\$ 0
Furniture/Equipment	\$0	\$0	\$0	\$0	\$ 0
Other Operating Costs	\$0	\$0	\$0	\$0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. **Other Comments:**

IV. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

A. **Agency Section/Code/Name:**
Section 42 /P36 /Patriots Point Development Authority

B. **Priority No.** 3 of 3

C. **Strategic Goal/Action Plan (if applicable):**
N/A

D. **Project Name and Number (if applicable):**
Parking Lot Relocation

E. **Agency Activity Number and Name:**
Operations/Maintenance #1312

F. **Description of Priority:**
To relocate parking lot from current waterfront location.

G. **Detailed Justification for Funding**

(1) **Justification for Funding Priority:**

To relocate current parking lot from prime waterfront property to allow for the highest and best use of the land. The property could be used for Museum expansion or other commercial use to generate revenue for the Authority.

(2)

Total Project Cost Estimates:	Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Total Project Cost*	\$600,000	\$0	\$0	\$600,000

** If additional annual operating costs from any source of funding are anticipated upon project completion, please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.*

H. **Justification for First Year Additional Future Annual Operating Costs:**

(1) **Will additional annual operating costs be absorbed into your existing budget?**

Yes

If not, will additional state funds be needed in the future?

No

If state funds will not be needed in the future, explain the source(s) that will be used.

Other Funds

(2) **First Fiscal Year Additional Annual Operating Costs Are Anticipated:**

0.00

Will this fiscal year require a partial or full year's operating funds?

NO

If a partial year's funds are required, what portion of the year does it cover?

0.00

(3)

Additional Annual Operating Cost	State Non-Recurring	State Recurring	Federal	Other	Total
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Total Personnel Costs	\$0	\$0	\$0	\$0	\$ 0
Furniture/Equipment	\$0	\$0	\$0	\$0	\$ 0
Other Operating Costs	\$0	\$0	\$0	\$0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

I. **Justification for First Full Year Additional Future Annual Operating Costs (If Section H above represents a full year's operating funds, do not complete this section.)**

- (1) **Will additional annual operating costs be absorbed into your existing budget?**

If not, will additional state funds be needed in the future?

If state funds will not be needed in the future, explain the source(s) that will be used.

- (2) **First Full Fiscal Year Additional Annual Operating Costs Are Anticipated:**

- (3)

Additional Annual Operating Cost	State Non-Recurring	State Recurring	Federal	Other	Total
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Total Personnel Costs	\$0	\$0	\$0	\$0	\$ 0
Furniture/Equipment	\$0	\$0	\$0	\$0	\$ 0
Other Operating Costs	\$0	\$0	\$0	\$0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. **Other Comments:**

VI. ADDENDUM
ASSESSMENT OF ACTIVITIES

Agency Section/Code/Name: Part 1A, Section 29, Patriots Point Development Authority

As an enterprise agency that is responsible for generating the revenue that is used to accomplish its mission, it has been determined that this request is inapplicable, as the careful determination has already been made that all current expenses are required to be expended if the revenues are to be gained that will allow mission accomplishment. Any cut in the expenditures would result in resulting drop in revenue and would be counterproductive. This agency must perform as a business.

PRIORITY SUMMARY

TOP 5% PRIORITIES									
	Activity Name	Activity No.	General	Non-Recurring & Health Proviso	Capital Reserve	Federal	Other	Total	FTEs
1								0	
2								0	
For additional rows, place cursor in this gray box and press "Ctrl" + "a". (You must start in this gray box; otherwise, the programmed formatting will be altered.)									
	TOTAL HIGHEST:		0	0	0	0	0	0	0.00

BOTTOM PRIORITIES: 5% PLUS BUDGET REQUESTS DOLLAR AMOUNT									
	Activity Name	Activity No.	General	Non-Recurring & Health Proviso	Capital Reserve	Federal	Other	Total	FTEs
1								0	
2								0	
For additional rows, place cursor in this gray box and press "Ctrl" + "a". (You must start in this gray box; otherwise, the programmed formatting will be altered.)									
	TOTAL LOWEST:		0	0	0	0	0	0	0.00

VI. ADDENDUM
ASSESSMENT OF ACTIVITIES

Agency Section/Code/Name: Part 1A, Section 29, Patriots Point Deveolpment Authority

DETAILS FOR LOWEST PRIORITIES

Activity Name:					Activity #:	
Estimate of Savings:	General	Non-Recurring & Health Proviso	Capital Reserve	Federal	Other	Total
Number of FTEs						0.00
Personal Service						0
Employer Contributions						0
Program/Case Services						0
Pass-Through Funds						0
Other Operating Expenses						0
TOTAL LOWEST:	0	0	0	0	0	0

Reasoning for Lowest Priority Status:

Activity Impact (Describe the impact on the activity affected, including the impact on customers and clients.):

Activity Name:					Activity #:	
Estimate of Savings:	General	Non-Recurring & Health Proviso	Capital Reserve	Federal	Other	Total
Number of FTEs						0.00
Personal Service						0
Employer Contributions						0
Program/Case Services						0
Pass-Through Funds						0
Other Operating Expenses						0
TOTAL LOWEST:	0	0	0	0	0	0

Reasoning for Lowest Priority Status:

Activity Impact (Describe the impact on the activity affected, including the impact on customers and clients.):

VI. ADDENDUM
ASSESSMENT OF ACTIVITIES

Agency Section/Code/Name: Part 1A, Section 29, Patriots Point Deveolpment Authority

For additional Low Priority Details, place cursor in this yellow box and press "Ctrl" + "p". (You must start in this yellow box; otherwise, the programmed formatting will be altered.)